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Meet Your New *Cutting Edge* Editor: Celeste Allen, CPCU, CLU, ChFC, FLMI

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Celeste Allen, CPCU, CLU, ChFC, FLMI, has 28 years of experience in the insurance industry having worked in claims, underwriting, business analysis, and as an information technology manager.

Allen's leadership experiences led her to further strengthen her community service participation and make a difference in the lives of young people in her community by working with the Boys and Girls Club of Bloomington-Normal and a 4-H club for at-risk youth. She is a member of two major public service organizations.

Allen graduated from Temple University with an undergraduate degree in psychology. She earned a M.B.A. from Illinois State University and an M.A. with a concentration in executive leadership from the University of Nebraska at Lincoln. As a life-long learner she has earned the following designations: Chartered Property Casualty Underwriter (CPCU), Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), and the Financial Life Management Institute (FLMI).

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E-insurance—"E" Does Not Stand for Easy

by Celeste Allen, CPCU, CLU, ChFC, FLMI

Insurance companies realize that they need to keep pace with technological changes, changing consumer tastes, and changing consumer demographics. It is vital that insurance companies fully leverage web technology to increase competitiveness, focus on proper market segments, and provide good customer service.

Early Trends

A Booz Allen Hamilton eInsurance study conducted in 2001 examined and commented upon the disparity between the explosion of the use of the Internet by consumers and the state of insurance companies' web sites. The conclusion of the study was that insurers did not offer a variety of products and transaction capability to leverage consumers increased use of the Internet. The study showed that insurers' site visits were paltry in comparison to sites of other financial institutions. The study referenced the fact that the top 10 insurance sites were visited by 5 million users in April 2000, compared to 18.2 million visitors to the top 10 bank sites. Not only were there fewer visitors, those who did visit sites of insurers spent less than 13 minutes per month versus 22 minutes at bank sites and 35 minutes at brokerage sites. Gil Irwin, vice president and leader of eBusiness Insurance at Booz Allen Hamilton advised that insurers needed to develop strategies across multiple channels and integrate multiple channels such as the agent, e-mail, and voice technologies. He projected that the online insurance market would be attributed to 1.5 percent of total net premiums written by 2005 and that successful web sites would be multiple-product sites.

It is interesting to note that our industry did not progress significantly with regards to utilization of the Internet in keeping with consumers' use of the Internet. An assessment of e-insurance market trends conducted by the Insurance Advisory Board (IAB) in 2005 indicated that while more than 70 percent of the U.S. population from 2004–2005 used the Internet, from an e-commerce perspective, insurance sales via this avenue fell short in comparison. Use of the Internet during this time frame for insurance purposes primarily consisted of offering consumers the ability to conduct transactions and conduct research versus enabling them to make purchases.

The study by the IAB suggested that insurers focus on Generation Y from a marketing perspective given that the populace for this segment was 70 million teens and young adults. Generation Y was characterized as being technologically savvy, more knowledgeable about the web, and more inclined to use the Internet for purchases of insurance, sans an agent. During the time frame of this study, e-commerce was 2 percent of total U.S. sales with a growth rate of 25 percent per year since 2001, and Internet spending was attributed to approximately 34 percent of the expected $105 billion retail spending. Unfortunately, insurers saw the Internet as a means to supplement their distribution networks versus fully leveraging the benefits of the Internet as a distribution channel. As of 2005, it was observed that less than 2 percent of auto, home, and life insurance was projected as sales over the Internet. Regulations and complexity of the product also impacted the propensity to purchase via the web (for example, auto and home insurance are purchased in greater quantities than life insurance).

The IAB study also indicated that in order to be successful in the e-insurance market, insurers need to develop an effective strategy that would entail cross-selling to existing customer base, reduction of distribution expenses, increased flexibility in pricing, ability to navigate insurer's site, the company's technological capabilities, and a good array of product offerings. Authors of the study concluded that the Internet is good for generating leads more so than it is for purchasing.

New Types of Insurance Emerge

Conducting business over the Internet and collection and storage of confidential information about consumers gave rise to a need for cyber risk insurance to provide protection against viruses, hacker attacks, and technological troubles, all of which are costly to businesses. This point was driven home with the Choicepoint debacle as evidenced by demand for coverage being doubled following this event. The Choicepoint incident occurred in February 2005 where the company warned 144,778 U.S. citizens that their personal information may have been viewed and stolen, and criminals posed as customers. In March 2005, LexisNexis notified 35,000 California residents that information residing in the databases of Seisint unit (an acquisition), that thieves stole passwords and accessed their information. The immediate reaction to cyber risks was to build up network security versus consideration of the use of a risk management tool.

The evolution of e-business has introduced opportunities for e-insurance coverage to provide coverage not afforded in traditional business insurance policies. Network security coverage should be included, as well as coverage for loss of theft of information, loss of income due to network or web site interruptions, theft/unauthorized use of personal and credit information.

Legislation also played a significant role in forcing companies to notify consumers when private information was at risk due to security breaches. This included items such as:

- California legislation, SB 1386 effective in July 2003, which forced companies to notify their customers when private information was revealed as a result of a security breach. It also demanded that companies carry cyber-risk insurance. This legislation is said to have been influential in pushing other states to pass similar legislation.

- The Gramm-Leach Bliley Act of 1999 contains stringent guidelines regarding the storage and collection of financial institutions' clients' private data.
- Publicly quoted companies must comply with Sarbanes-Oxley legislation from 2002 wherein senior executives of companies are forced to offer certification regarding the accuracy of their companies' financial statements.

Leveraging the Web

The pace of technological changes impacts the manner in which business is conducted. This is evidenced by the following: it takes five hundredths of a second to send information around the globe; e-communications has progressed from telex to secure encrypted messaging; and underwriters work electronically via use of e-mail to download data and electronic documents. All of the afore-mentioned facts serve as an impetus to pursue electronic trading. The pace of technology should serve to fuel business. Insurers can and should move forward with web-based applications that are simple, user-friendly, enable ease of data entry one time by underwriters and clients, and facilitates contract negotiation. Companies are increasingly looking to their information technology areas to help them improve service and reduce costs. The web is seen as a vehicle to help them employ technologies to garner increased market share. Web transactions can cost up to 50 cents per transaction compared to eight dollars for paper-based transactions. New technology employed includes applications such as web mashups (a web site that pulls together different web applications and combines and presents them in a unique manner), creation of new products and services, and upgrading software used on a variety of devices. Consumers can now track personal information. With a plethora of technological capabilities at its feet, an *InformationWeek 500* survey indicated that insurers lag behind other

industries as it pertains to adoption of some key technologies and processes such as collaborative software and global opportunities.

Long-standing companies often viewed as steeped and married to old manual processes are changing the way they are doing business over the Internet. What started as a push to address electronic placement of business has evolved into an e-trading issue for the Group of Six Lloyd's managing agents.

The web "uses" most of us are familiar with up to the present are known collectively as Web 1.0. There is a second generation of web-based applications used to support web-based communities and hosted services such as social-networking sites, blogs, and wikis (web site wherein users can create, edit, and link web pages). These applications are known collectively as Web 2.0.

A roundtable of insurance industry experts discussed the adoption of Web 2.0 tools in the industry to reap benefits in client portal design, business software development, knowledge management, and problem resolution. Several perspectives were proffered regarding the use of the Internet as a computing platform, provision of web-based services with the user providing/entering data, building sites to engage customers, migration from HTML-style client portals to technologies like AJAX, Adobe, and Windows Presentation Foundation. Web 2.0 could be used for premium calculation, claims processing, and use of social software for fostering communication internally via podcasts, which may not comply with existing corporate communication controls and processes. Another insight provided was that although IT shops are proponents of new technology, business segments of a company might be reticent to drive such projects. IT concerns with the technology lay in the vein of creating substantial data security solutions and developing usage policies for wikis.

Examples of Insurers Using Web 2.0

Progressive lays claim to having been the first insurer to launch a web site in 1995. In November 2007 it launched a new version of its site (Web 2.0), to enhance customer interaction via ease of navigation, increased personalization, and enhanced user-friendly video content. The company collaborated with

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Ziff Davis Enterprise to provide weekly content for vehicle technology in the form of such things as portable GPS, in-car DVDs, and Auto Tech channel. The site also provides more information on the company's products and information about coverages from Progressive as well as other companies.

The Chubb Group of Insurance Companies created ePolicy to enhance its delivery of personal insurance policies in a secure and green (environmental) manner. Policies are delivered as secure encrypted PDF attachments, which permit client access to policies, which could be stored on their laptops. September 2007 was the launch date for a nationwide launch of the new policy. Customers' participation would generate a savings of one million gallons of water and one thousand trees if at least 20 percent of its customers elect to receive policies and endorsements in this format.

Conclusion

E-insurance presents opportunities and interesting challenges in the form of cyber risks. Insurance companies must find a means to keep abreast of consumers' use of the web, and simultaneously leverage current web technology to provide more offerings and more flexibility to consumers. Our industry has evolved with its use of the web, yet there is still plenty of room for improvement. You are challenged to examine what your insurers and employers offer in terms of conducting business over the web and to share your experiences with us. E-insurance is a choice in terms of how we deliver, but it is not an easy means of delivery! ■

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CPCU Travel Program

What in the world is the CPCU Travel Program? The CPCU Travel Program, sponsored by the Senior Resource Interest Group, was first established in 2004 to provide an opportunity for CPCUs like yourselves to travel and to associate with each other in a relaxed, casual setting. It was designed to bring CPCU professionals of all levels, ages, and disciplines together for exciting travel adventures around the world.

Each year, the most popular destinations are identified and evaluated, and one is selected for the subsequent year's trip. The selection is based on the location, the length of the trip (one to two weeks max), and the cost. The 2008 Danube River trip "The Old World—Prague & Vienna" will travel through Hungary, Slovakia, and Austria.

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Self-Directed Teams and Servant Leadership—The Heart of Agile Development

by W. Thomas Mellor, CPCU, CLU, ChFC

■ **W. Thomas Mellor, CPCU, CLU, ChFC,** is a project manager with State Farm Insurance, where he also teaches CPCU 540, Business & Financial Analysis for Risk Management & Insurance Professionals, nationwide to State Farm employees. Mellor has taught the CPCU Society's Center for Leadership course in financial management since 2002, and has been instrumental in revising the course's content. While working as a claims representative and, later, manager in one of State Farm's Special Investigations Units, he worked closely with financial experts and other professionals in determining the veracity of various property and casualty claims. Mellor has been a CPCU Society member since 1991, and recently served as a governor. He received his business administration degree with emphasis in finance and insurance from the University of Montana, and completed graduate work in the Walden University M.B.A. program.

Editor's note: The author's commentary and writings reflect his personal opinions and experiences and not necessarily those of his employer, State Farm Mutual Automobile Insurance Company, the CPCU Society and its staff or its membership, or the CPCU Society's Information Technology Interest Group or its members.

Recently, I co-taught Certified ScrumMaster (CSM) training in Grand Rapids and Boston with the co-creator of the Scrum agile process, Ken Schwaber. I'm preparing to become a CSM trainer at my company, and we hope to train many CSMs in the future. This will help us broaden and deepen our adoption of agile software development techniques and practices. To me, working and teaching with Schwaber is a spiritual experience. In Schwaber's words, he and Jeff Sutherland created Scrum in the mid-1990s to bring sanity and respect back to the IT profession. Their goal was to make the IT work experience once again as fulfilling and meaningful as it was in the earlier years. What they didn't anticipate was that businesses and customers would embrace Scrum (and other agile development techniques) when they realized that they really could get what they wanted in a product—quickly!

The cultural change (and often ancillary pain) to properly adopt agile practices is significant for companies whose traditional development practices are prescriptive and traditionally steeped in traditional development processes (aka *waterfall*, where a sequence of phases that includes requirements definition, design, development, testing and implementation are completed in their entirety one at a time prior to moving to the next phase. For a thorough discussion about agile development and its comparison to traditional development, see the September 2006 *Cutting Edge* article "An 'Agile' Solution to the Technology Paradox." A critical component of agile development is organizational commitment to development teams that are self-organized and self-directed. In this environment, the development teams figure out how to do the work without instruction from an outside source (such as a project manager and/or a prescriptive methodology.) However, the notion of such autonomous teams can make traditional management quite nervous. So, how do these teams operate, and how does an organization make the transition to them? And, moreover, what is the history of work performed by these teams in companies (which could help management overcome anxieties about them)?

To trace the history of the business case for such teams, one needs to go back in time to the mid-twentieth century and examine the work of W. Edwards Deming. Many people are familiar with Deming regarding his work with the Japanese in rebuilding their industrial complex after World War II. Deming was an acknowledged expert in process and quality control. He trained the Japanese in his theory that by improving quality in products, a company would reduce expenses and increase productivity and market share. The Japanese immediately adopted this principle and designed many of their product development and manufacturing processes around it. They further learned that by inspecting the product frequently during its initial design and development and then during manufacturing they could better control quality (and thus expenses). They also realized that the people who actually do the development and manufacturing assembly are the ones who can best determine how to do the work. Thus, the first concepts of worker-directed controls were put into place. (Wikipedia 2007)

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The Toyota Automobile Company turned Deming's principles into art when Taiichi Ohno was asked by Eiji Toyoda in 1950 to catch up with the productivity of Ford Motor Company. When Ohno and 12 Toyota managers visited plants, they were surprised to find a great deal of waste in the manufacturing process and in inventory. Ohno realized that while Toyota didn't have to compete head on with Ford, it could optimize its processes in a goal to become best in quality in automobile design and manufacturing. Out of this insight came the "pull system" with its just-in-time (JIT) inventory model, and *jidoka* (Japanese for built-in quality). One of the most important concepts was *kaizen*, the principle of continuous improvement.

> *Kaizen* teaches individual skills for working effectively in small groups, solving problems, documenting and improving processes, collecting and analyzing data, and self-managing within a peer group. It pushes the decision making (or proposal making) down to the workers and requires open discussion and group consensus before implementing any decisions. (Liker 2004)

The rest is history—Toyota has become the dominant automobile manufacturer of the twenty-first century. Key to its success is how it treats and empowers its people. It uses cross-functional teams to improve quality and productivity and enhance its production flow by solving difficult problems. It does this with *management guidance*, not management control. It is a concept that very few American companies have tried, let alone mastered.

Let's get back to Deming. He offered 14 key principles for management for transforming business effectiveness. Number 12 is: *remove barriers that stand between the worker and his pride of workmanship*. Deming saw these barriers as mostly imposed or created by management. In fact, one of his famous quotes is "The problem is at the top; management is the problem." (Wikipedia) Deming emphasized that management is most removed from the actual work, so when it attempts to dictate work process on the very people who know the actual process best, it undermines the ability of the workers to produce a quality product and thereby unnecessarily increases expenses. In his mind, one of the most ineffective American management standards was the management of people. He asserted that organizations should manage *things* and rely on workers themselves to figure out how to best do the work.

Have American companies tried this other way of worker self-organization and self-direction, and what have been the results? An early article described the success of self-directed teams at a GE aircraft engine manufacturing facility in Durham, North Carolina. (Fishman 1999) A host of other companies have adopted them in various degrees, many with exceptional success (and some with quite a bit of pain). The long list includes Kodak, Allied Signal, Boeing, Chevron, Corning, Hewlett-Packard, Intel, Delphi, Weyerhaeuser, Lockheed Martin, and Procter & Gamble. (Fisher 2004) Many of the companies have seen significant improvements in productivity, morale, and quality as a result.

With the transition to self-directed work teams comes a new leadership paradigm: servant leadership. In the ideal environment, the self-directed team leadership is not based upon positional authority, but rather emerges from a team member's ability to communicate inside and outside of the team and respect and admiration from other members based upon the leader's knowledge, experience, and relationship skills. (Armstrong 2005) Managers are naturally skeptical of and often resistant to changing personal styles. In the companies that have adopted self-directed teams, transitioning management to a new style compatible with the teams has proven difficult. (Fisher) Indeed, John Chambers, CEO of Cisco (and a self-described *command and control freak*), recently said that 15 percent of his leadership could not make the transition to servant leadership and consequently left. He described his own personal

transition as "excruciating." But, he also acknowledged that it was necessary to propel his company to the next level in terms of productivity and quality. One CEO at a Minnesota firm credits servant leadership for increasing productivity that increased annual revenues from $300,000 to more than $10 million in just seven years. (Katsantonis 2006)

What does servant leadership involve? At its core, it embodies 10 principles: listening, awareness, empathy, healing, persuasion, conceptualization, foresight, stewardship, commitment, and community. (Butler 2003) At first glance, these don't seem very different from traditional leadership competencies. But further analysis of them exposes a human-centric foundation. The Greenleaf Center for Servant Leadership describes it as a *practical philosophy, which supports people who choose to serve first, and then lead as a way of expanding service to individuals and institutions. Servant-leaders may or may not hold formal leadership positions. Servant-leadership encourages collaboration, trust, foresight, listening, and the ethical use of power and empowerment.* (Greenleaf.org 2007)

Robert Greenleaf, the person who first described and advocated servant leadership, wrote:

> The servant-leader is servant first . . . It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. He or she is sharply different from the person who is leader first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions. For such it will be a later choice to serve—after leadership is established. The leader-first and the servant-first are two extreme types. Between them there are shadings and blends that are part of the infinite variety of human nature.
>
> The difference manifests itself in the care taken by the servant-first to make sure that other people's highest priority needs are being served. The best test, and difficult to administer, is: do those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? And, what is the effect on the least privileged in society; will they benefit, or, at least, will they not be further deprived? (Greenleaf 1970)

What is the future of self-directed teams and servant leadership in the context of software development? Those companies that are truly serious about adopting agile development processes will have to determine how they will incorporate these critical components necessary for the very successful results that agile development can provide. Agile development demands that teams be able to move quickly and efficiently without waiting for direction or approval when it comes to dealing with problems and innovating quality solutions. They need guidance, coaching, facilitation, and servant leadership. The key to successfully implement this is management's complete acceptance that workers can actually be trusted to create and produce quality products that meet the customer's expectations early and persistently, and its own recognition that traditional command-and-control management will not support such a structure, but rather servant leadership is essential. Some organizations may find such a transition as just too daunting or agonizing. They may also find themselves at a severe competitive disadvantage as a result of failing to make the transition. ■

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Coaching the Underwriting Professional of the Future

by Barbara Norris, CPCU, CLU, ChFC, FLMI, AAM, AIM, CPIW

■ **Barbara Norris, CPCU, CLU, ChFC, FLMI, AAM, AIM, CPIW,** is retired from State Farm Insurance, and is a professional life coach and motivational speaker. Through her company, Blissful Life Coaching, she pursues her mission to assist people to live, learn, laugh, and love their way through life. She brings 38 years of corporate staff and line management experience in the insurance industry to her role of helping clients realize their dreams and live more in the present.

Editor's note: Barbara Norris graciously agreed to share this article with the IT Interest Group. It has applicability to this group in terms of how we should be coaching and mentoring others in order to make a positive impact on our industry.

From paper files to microfiche to dumb terminals to PCs, automation advances have changed underwriting practices rapidly in recent years. In a career that has spanned three decades, I've seen underwriters occasionally overwhelmed by the speed at which new technologies such as Knowledge Base Systems (KBS), Modeling, and Straight Through Processing (STP) are becoming a part of their professional existence.

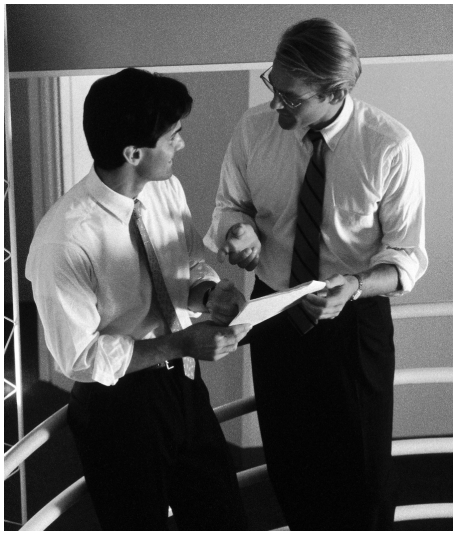
The forces that are driving this demand for automating the fact-gathering process of underwriting and policy administration have been termed by some industry consultants as "the age of process improvement." This simply translated means our industry is being driven by economic forces in the marketplace, which demand that insurers radically restructure their business processes if they want to compete. . . . improving workplace productivity, decreasing processing costs, and meeting customer expectations for 24/7 service.

With the advent of the Internet, new programming languages like J2ee, end-user computing, and more user-friendly, and efficient methods of processing information, many insurance companies have acquired or developed business systems to further automate their underwriting function. Using knowledge-based underwriting, expert systems, point-of-sale to host system interface, processing of insurance applications has become more transactional.

In all this new world of online underwriting, is judgment and underwriting expertise still valued? I believe it is! During my career in underwriting, I have had the privilege to mentor and coach many aspiring young underwriters. As their mentor/coach, I enjoyed helping them move from being rule-based underwriters, where the risk selection decision was clear-cut, to experts, who can evaluate risks using their judgment. They became managers for their profitable risk portfolios. And, they learned how to leverage technology and trust the system to automate those risks that don't present any unusual risk characteristics and carefully underwrite those that do.

What is the secret to developing the next generation of highly skilled underwriters who will assume our roles in the coming years? I believe the key is helping them see the value of continuing education and life-long learning. Whether I'm taking an online course or attending a workshop or seminar, school is never out for me. I attribute my success to this philosophy. Making the sacrifices needed to develop my professional and leadership competencies has always paid off for me.

And, because I want them to experience that same degree of success, I have encouraged my mentees to make an investment in their careers that will continue to pay off for years to come . . . in job enrichment, career-advancement,



and professional success. Most employers see the value of offering their underwriting staff the opportunity for continuing their education. . . . perhaps through formal insurance classes, such as CPCU or more through less formal training, such as online courses. Even with these many opportunities to learn and develop, many young underwriters are not taking advantage of them. This may be because there is no one there to encourage them to make the effort and ensure their future career success by enhancing their skills and expertise through continuing education.

Coaching and mentoring young underwriters provides a great opportunity for insurance professionals who want to make a difference in the future of our industry. The CPCU Society web site offers members information about how to get involved in peer mentoring relationships and how to make the most out of those relationships.

As I contemplate retirement, one of the highlights of my career will be the relationships I've had over the years with my mentees, and the satisfaction of know how many leaders I've helped develop who are ready to carry on the task of "underwriting for the future"! ■

E-Mail Accountability

RPost Registered E-Mail Service Provides Proof That Your Critical E-Mails are Delivered as Sent

by Nancy Doucette

Editor's note: This article originally appeared in the October 2007 *Rough Notes* magazine, and is reprinted with its permission.

It could have gotten ugly for Randle Frankel, owner of Frankel & Associates Insurance Services, a Los Angeles-based agency writing mostly commercial lines. Just before a long holiday weekend, Frankel had e-mailed a request to the carrier to add a location to an existing policy. Days later, the insured called Frankel to report a loss to the newly added location. Upon checking with his carrier, Frankel learned that the underwriter hadn't received the information that he had e-mailed.

Time to start scrambling? Nope. Frankel had used RPost® Registered E-mail® service when he sent in his endorsement request. So he told the underwriter's supervisor who had become involved in the discussion that he had proof of when he had e-mailed his request that coverage be added and could also show precisely when the carrier had received that e-mail.

RPost generates an e-mail message to the sender that provides evidence of the entire e-mail transaction, which is designed to be admissible in court, according to Zafar Khan, co-founder and CEO of RPost. This "receipt" provides legally valid proof of time and content sent and received, for any Internet address, without storing information or requiring some action on the part of the recipient.

Khan recommends that e-mails be evaluated according to their business consequence before deciding to send them as registered e-mail messages. "Is there a consequence if the recipient should deny having received it or refute what was in that e-mail? If so, do you want accountability around that e-mail correspondence?" he asks. "If the answer is 'yes,' then you should treat that e-mail as a business record. Agencies need to establish processes and procedures for business records. Obviously, not every e-mail should be sent as a registered e-mail message or retained as a business record. But, if you're using RPost Registered E-mail service, what you do maintain is in a form that will protect you and your company if you are challenged.

"Occasionally, you will have an e-mail where you will want to convert the attachment to a PDF. Or you might want to cleanse the hidden meta data from the attachment. You can also compress attachments, electronically sign, encrypt if privacy is important, and do some electronic contracting.

"So if you want to get the proof of delivery, content, and time, you can. And with one extra click you can do any of these other functions. You don't need to buy different pieces of software to accomplish this. RPost Registered E-mail is an all-in-one tool," he says.

Should it be necessary, RPost is able to reconstruct the authenticated original e-mail, including attachments and transmission data. Khan points out that it is important to note that RPost can do this without storing any of the sender's e-mail or related transmission data. In Frankel's situation, reconstructing the e-mail wasn't necessary. Based on Frankel's confident assertion that he could provide legally valid proof of the e-mail transmission, the underwriting supervisor went back through the e-mails that the underwriter had received just prior to the holiday weekend, and discovered Frankel's e-mail among them. The underwriter had, in fact, opened the e-mail but due to the large volume of e-mails he had received that day, hadn't acted on it. He had forgotten to re-open it and process the endorsement.

"E&O insurers should offer a discount if an agency uses RPost," Frankel declares. "In this case, it gave the carrier proof positive that I had e-mailed my request in a timely fashion."

Frankel says his agency has been an RPost customer for about four years. He's so enthusiastic about this product, he's invested in the company itself. He says using RPost is part of the agency's formal processes and procedures. "We use RPost for all our critical e-mails," he reports. "When we're sending a request to bind coverage, to add or delete coverage, or when we're communicating with clients about changes in coverage, we send those e-mails as registered e-mail messages." The cost is approximately that of a first-class postage stamp.

"RPost is set up essentially like a postage meter," explains Khan. "Or said another way, you just buy a book of stamps. You can put the registered e-mail capability on all desktops or one desktop. It's a direct cost savings if you put that cost in the postage budget-RPost vs. FedEx. Fifty registered e-mail messages cost about the same as one FedEx, for example."

Frankel notes, "Sending a registered e-mail message is just like sending a regular e-mail. There's nothing difficult about it. Even the download to activate the RPost service is simple. All you do is set up a billing account with RPost and activate the download process from the RPost web site. Then you restart your computer and you have all the capabilities. The "Send Registered" button is next to your "Send" button. The service automatically sets up a "Receipts" folder for the RPost Registered Receipt™ e-mails."

The first 10 "send registered" transactions are free, according to Khan.

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E-Mail Accountability

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Standard E-mail Insecurities

"Standard e-mail can be easily edited and changed, often in just a few mouse clicks," Khan notes. "Any recipient of your e-mail can alter its content to their advantage without those changes being apparent to the reader. Or they could claim you altered your copy," he cautions.

And should a dispute wind up in a courtroom, "Electronic messages can be judged 'delivered' only if they can be shown to have arrived at the recipient's mail system," he adds. "There is a misconception that if an e-mail appears in the 'sent' folder that the e-mail was actually delivered to the recipient. If a person claims they didn't receive your e-mail, you have to accept that unless you have a way to prove that it was in fact received by them. So standard e-mail has little 'evidentiary value' in a dispute.

"The 'time stamp' that appears on a standard e-mail in the recipient's message window depends on the user's computer time setting, so, here again, this has little evidentiary value in a dispute," Khan says.

RPost provides senders with the option of sending an e-mail marked "registered" or unmarked, he explains. Marking an e-mail registered lets the recipient know that the sender has proof of delivery, content, and time. "Agencies sending an e-mail to an underwriter or a lawyer would probably send it as a registered e-mail message so the recipient knows that there's accountability," he points out. "Under certain circumstances, unmarked e-mails might be preferable for clients. The agency has a record of the information received by their client but it's not so much 'in your face' as a marked registered e-mail message."

Should a recipient dispute receipt of an e-mail or its contents, RPost provides users with a mechanism to have the receipt verified. "You simply forward your copy of the receipt to the party questioning the transmission and have them forward it to verify@rpost.net," Khan notes. "The RPost system will run it through its algorithms, verify that the information is authentic, validate the original transmission, and reconstruct the original e-mail and all its attachments."

The RPost Registered E-mail service is designed for the end user, Khan continues, not the folks in the IT department. "E-mail senders need accountability, especially in light of the new e-discovery rules. Our registered e-mail service provides accountability in business e-mail. And increasing numbers of business people realize that the more accountability, the lower the business risk they have," he says.

"Registered e-mail service is like buying insurance for your electronic business correspondence," he points out.

The concept of insurance for business correspondence isn't new. For years, agencies have used certified or registered mail to confirm that critical legal and/or coverage-related correspondence with insureds, carriers, or vendors arrived at its intended destination. But as business has moved away from surface mail in favor of the quicker, more convenient e-mail, the practice of "registering" correspondence has declined.

Process Improvement

"The fact that agencies used to take the time and trouble to use registered mail and to have written procedures that instructed staff under what circumstances they should be using registered mail, indicated to me that with the significant move to e-mail, something needed to be done as a process improvement," says Frank Sentner, director of strategic technology for the Council of Insurance Agents & Brokers (CIAB). "RPost is the solution for a need that was already recognized but which was not being addressed.

"It's like that old saying: 'Good fences make good neighbors,'" he continues. "Fraud can be perpetrated on the part of either the sender or the recipient in an e-mail transmission—unless you're implementing a technology like RPost. It provides you with two important protections: absolute confirmation that the e-mail hasn't been tampered with and absolute confirmation of delivery."

CIAB has endorsed RPost for its members. "When our members use it, they rave about it," Sentner reports. "Registered e-mail messages can be used in the same manner as regular registered mail can be used—following procedures that a particular type of correspondence must be sent registered. RPost is less expensive than registered mail and it's much easier to use."

Sentner says he reviewed another product on behalf of CIAB that purported to compete with RPost. There were several things about that product that caused him concern. Among those concerns was the fact that the product stores copies of the e-mails on its system. "That's not something we wanted done," he says. RPost does not store e-mail messages or attachments, so communication remains confidential.

The Risk and Insurance Management Society, Inc. (RIMS) has also endorsed RPost for its members.

"This isn't a big technology undertaking," Khan concludes. "RPost is affordable. It's easy to install and implement for small brokers, mid-sized, large, and global firms. The whole point of insurance is to pay a small amount of money to protect a lot of exposure. Essentially that's what RPost customers do. They pay a small amount of money for select e-mail transactions to protect their businesses from a lot of potential exposure." ■

For more information on RPost go to www.rpost.com.

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